

Canyon Fuel Company, LLC
Dugout Canyon Mine
 P.O. Box 1029
 Wellington, Utah 84542



June 13, 2006

Mr. D. Wayne Hedberg
 Permit Supervisor
 Utah Division of Oil, Gas and Mining
 1594 West North Temple, Suite 1210
 Salt Lake City, UT 84114-5801

J. Miller
 C/007/039

RE: Task ID #2455 Degas Wells G-11 and G-12 - Dugout Canyon Mine, Canyon Fuel Company, LLC, C/007/039, Carbon County, Utah

Dear Mr. Hedberg:

Per your letter dated May 24, 2006 concerning conditional approval of Degas Wells G-11 and G-12 in the SITLA Dugout Canyon coal tract. Dugout Canyon Mine is required, as "the permittee to meet the following stipulations:

- 1) The permittee must provide a surveyed location to the BLM for each degasification drill hole.

The drill hole locations are shown on Plate 1-4, a description of the drill hole locations are provided on Table 1-1. Both of these are located in Chapter 1. Once the holes have been drilled, the surveyed locations will be provided to the BLM by Dave Spillman or Sam Curtis.

- 2) The plugging requirements for each degasification well as stated in the letter this commitment has been included in Attachment 5-2, of Chapter 5.

3) The Permittee must have the consent of the surface owner or the surface management agency to drill..... as stated in the letter this consent has been provided in Attachment 4-2.

A copy of the degas well amendment for wells G-11 through G-17 has been provided to SITLA, BLM – Salt Lake office, BLM – Price office, UDOGM – Salt Lake office, and UDOGM – Price office. Information referenced above can be found in the degas well amendments.

If you have any questions please call me at (435) 636-2869.

Sincerely yours,

Vicky S. Miller

Vicky S. Miller

cc: Dave Spillman
 Pete Hess - UDOGM
 Pamela Grubaugh-Littig - UDOGM
 Stan Perkes – BLM
 Steve Falk - BLM
 John Blake - SITLA

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